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Ministerial segment: ministerial round tables

Summaries of multi-stakeholder round tables

Note by the Secretariat

Addendum

Ministerial round table A.1, on the theme "Partnerships in financing for development"

Tuesday, 19 March 2002 (morning)

Summary by the Co-Chairs

Paa Kwesi Nduom, Minister for Economic Planning and Regional Cooperation (Ghana)

Charles Josselin, Minister for Cooperation and Francophonie (France)

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1. We began with a fundamental agreement: attaining the millennium development goals is a most urgent priority and partnership is at the root of the system of international cooperation that can turn those goals into reality. Ministers and senior officials of Governments, senior representatives of international organizations, business leaders and representatives of non-governmental organizations were thus able to hold a rich and focused round-table discussion on how to maximize the effectiveness of the contributions to financing for development of a wide variety of traditional and innovative partnerships between official entities, and between official entities and private enterprises and civil society.

Public-public partnerships

2. The vast majority of speakers expressed their concern about the inadequacy of official development assistance (ODA) to developing countries in the face of the urgent need to meet the targets agreed by the international community at the Millennium Summit of the United Nations General Assembly. It was recognized that

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despite their efforts, some developing countries will not be able to attract enough private capital flows or to amass sufficient domestic resources to finance their developmental needs. For those countries, ODA will continue to be an important source of resources. While welcoming recently announced ODA initiatives, speakers urged donor countries to increase both the level and the efficiency of ODA for the mutual benefit of both donor and recipient countries.

3. It was recognized that ODA resources have not always been targeted at the poorer countries but have often been driven by geopolitical considerations. In that respect, it was suggested that donor ODA practices and policies need to be changed. The need was underlined for increased coordination among donor countries to support the priorities and programmes of recipient countries and efficient public partnerships. A long-term planning framework, such as the poverty reduction strategy paper, should originate in the recipient country and be the basis for increased dialogue and consultation between the recipient country and its donors. Transparency and accountability are essential for the success of that process.

4. Participants stressed the need to improve the policy coherence and consistency of donor countries as a means to improve ODA efficiency. While welcoming recent initiatives in that area, such as the Cotonou Agreement of the European Union and the African, Caribbean and Pacific Group of developing countries and the African Growth and Opportunity Act of the United States, several speakers voiced their concern about ongoing protectionist practices in donor countries, which mitigate the potential positive impact that ODA can have on developing countries and reduce opportunities for faster economic growth through increased trade. In addition, the view was expressed that such practices indicate a lack of commitment to trade liberalization, a condition often imposed on developing countries in their negotiations with international financial organizations, and could represent a serious impediment to the new development agenda for trade negotiations launched in Doha in November 2001.

5. Lack of market access by developing countries to the markets of developed countries is considered a great obstacle to development. At the same time, additional efforts are necessary to overcome supply-side constraints in developing countries and enhance their productive capacities.

6. The importance of regional integration was also highlighted, as well as the possibility that public-public partnerships could be explored to provide solutions to common problems not only in the economic domain but also in the areas of health and education, among others. Several speakers placed great hopes on the New Partnership for Africa's Development as an answer to the continent's developmental quest. While the Partnership is a home-grown initiative, there is recognition that African countries will need assistance in the implementation process. Accordingly, the Partnership could be considered as a model for a new framework of cooperation among major development partners.

7. Several participants expressed support for the proposal that ODA be used to promote foreign direct investment and facilitate the integration of developing countries in international trade. Such measures would maximize potential synergies in the generation of additional resources for development. In that sense, capacity-building is considered essential.

8. Speakers also expressed their concern that the conditionality for official flows to developing countries is not uniformly applied, and they urged greater consistency of such requirements. In addition, it was felt that conditionality should not go beyond what has been agreed in international forums.

9. The debt overhang continues to represent a serious impediment to growth in developing countries because it discourages private flows and represents a significant drain on scarce local resources. In the past few years, the international community has witnessed a series of significant initiatives to relieve the external debt burden, particularly of the highly indebted poor countries. However, participants suggested that more needs to be done and greater flexibility must be exerted in establishing debt sustainability because countries are continuously subjected to external shocks, such as the recent global slowdown and sharp fall in commodity prices.

Public-private partnerships

10. It was stressed that the effectiveness of public-private partnerships depends crucially on a supportive institutional environment, including a modern judicial system. A modern legal system is seen as one of the most important structural changes because it enhances governance by providing increased transparency and accountability, which would help curtail corruption where it is a problem. Accordingly, the development of a strong justice system should be supported by technical assistance.

11. It was emphasized that to increase private investment, including foreign direct investment, more government or public-private investment in infrastructure is needed. There were also suggestions to increase the role of regional development banks in trade financing and project financing, together with the private sector. Several examples of successful collaboration between public and private sectors were given, including infrastructure development (water supply, telecommunications), education, research and development, and foreign equity investment in small and medium-sized enterprises.

Overall considerations

12. Several speakers emphasized that broader institutional considerations need to be in place for the above partnerships to be effective. They should make it possible to realize the right to development in a just society, with gender equality. By emphasizing the social dimensions of sustainable development and mobilizing public support in developing and developed countries, civil society is making an important contribution to that process.

13. Problems of global economic governance were also discussed, including the increased participation of developing countries. The participants pointed to the need for more cooperation, coherence and consistency among different international economic organizations. In addition, some speakers argued that there is a gap in global economic governance because a global economic forum is lacking. Accordingly, it was suggested that treaties, such as those on global environmental issues, could serve as a model for more formal partnerships. In addition, some speakers suggested that partnerships in economic governance could be solidified through the establishment of an Economic Security Council.